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1 AMENDMENT TO SENATE BILL 2210

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 2210 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Income Tax Act is amended by  
5 changing Sections 203 and 1501 as follows:

6 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

7 Sec. 203. Base income defined.

8 (a) Individuals.

9 (1) In general. In the case of an individual, base  
10 income means an amount equal to the taxpayer's adjusted  
11 gross income for the taxable year as modified by paragraph  
12 (2).

13 (2) Modifications. The adjusted gross income referred  
14 to in paragraph (1) shall be modified by adding thereto the  
15 sum of the following amounts:

16 (A) An amount equal to all amounts paid or accrued  
17 to the taxpayer as interest or dividends during the  
18 taxable year to the extent excluded from gross income  
19 in the computation of adjusted gross income, except  
20 stock dividends of qualified public utilities  
21 described in Section 305(e) of the Internal Revenue  
22 Code;

23 (B) An amount equal to the amount of tax imposed by  
24 this Act to the extent deducted from gross income in

1 the computation of adjusted gross income for the  
2 taxable year;

3 (C) An amount equal to the amount received during  
4 the taxable year as a recovery or refund of real  
5 property taxes paid with respect to the taxpayer's  
6 principal residence under the Revenue Act of 1939 and  
7 for which a deduction was previously taken under  
8 subparagraph (L) of this paragraph (2) prior to July 1,  
9 1991, the retrospective application date of Article 4  
10 of Public Act 87-17. In the case of multi-unit or  
11 multi-use structures and farm dwellings, the taxes on  
12 the taxpayer's principal residence shall be that  
13 portion of the total taxes for the entire property  
14 which is attributable to such principal residence;

15 (D) An amount equal to the amount of the capital  
16 gain deduction allowable under the Internal Revenue  
17 Code, to the extent deducted from gross income in the  
18 computation of adjusted gross income;

19 (D-5) An amount, to the extent not included in  
20 adjusted gross income, equal to the amount of money  
21 withdrawn by the taxpayer in the taxable year from a  
22 medical care savings account and the interest earned on  
23 the account in the taxable year of a withdrawal  
24 pursuant to subsection (b) of Section 20 of the Medical  
25 Care Savings Account Act or subsection (b) of Section  
26 20 of the Medical Care Savings Account Act of 2000;

27 (D-10) For taxable years ending after December 31,  
28 1997, an amount equal to any eligible remediation costs  
29 that the individual deducted in computing adjusted  
30 gross income and for which the individual claims a  
31 credit under subsection (1) of Section 201;

32 (D-15) For taxable years 2001 and thereafter, an  
33 amount equal to the bonus depreciation deduction (30%  
34 of the adjusted basis of the qualified property) taken

1 on the taxpayer's federal income tax return for the  
2 taxable year under subsection (k) of Section 168 of the  
3 Internal Revenue Code; ~~and~~

4 (D-16) If the taxpayer reports a capital gain or  
5 loss on the taxpayer's federal income tax return for  
6 the taxable year based on a sale or transfer of  
7 property for which the taxpayer was required in any  
8 taxable year to make an addition modification under  
9 subparagraph (D-15), then an amount equal to the  
10 aggregate amount of the deductions taken in all taxable  
11 years under subparagraph (Z) with respect to that  
12 property.†

13 The taxpayer is required to make the addition  
14 modification under this subparagraph only once with  
15 respect to any one piece of property; ~~and~~

16 (D-17) For taxable years ending on or after  
17 December 31, 2004, an amount equal to the amount  
18 otherwise allowed as a deduction in computing base  
19 income for interest paid, accrued, or incurred,  
20 directly or indirectly, to a foreign person who would  
21 be a member of the same unitary business group but for  
22 the fact that foreign person's business activity  
23 outside the United States is 80% or more of the foreign  
24 person's total business activity. The addition  
25 modification required by this subparagraph shall be  
26 reduced to the extent that dividends were included in  
27 base income for the same taxable year and received by  
28 the taxpayer or by a member of the taxpayer's unitary  
29 business group (including amounts included in gross  
30 income under Sections 951 through 964 of the Internal  
31 Revenue Code and amounts included in gross income under  
32 Section 78 of the Internal Revenue Code) with respect  
33 to the stock of the same person to whom the interest  
34 was paid, accrued, or incurred. This subparagraph does

1 not apply to an item of interest paid, accrued, or  
2 incurred, directly or indirectly, to a foreign person  
3 that is subject in a foreign country to a tax on or  
4 measured by net income with respect to such interest;

5 (D-18) For taxable years ending on or after  
6 December 31, 2004, an amount equal to the amount of  
7 intangible expenses and costs otherwise allowed as a  
8 deduction in computing base income, and that were paid,  
9 accrued, or incurred, directly or indirectly, to a  
10 foreign person who would be a member of the same  
11 unitary business group but for the fact that the  
12 foreign person's business activity outside the United  
13 States is 80% or more of that person's total business  
14 activity. The addition modification required by this  
15 subparagraph shall be reduced to the extent that  
16 dividends were included in base income for the same  
17 taxable year and received by the taxpayer or by a  
18 member of the taxpayer's unitary business group  
19 (including amounts included in gross income under  
20 Sections 951 through 964 of the Internal Revenue Code  
21 and amounts included in gross income under Section 78  
22 of the Internal Revenue Code) with respect to the stock  
23 of the same person to whom the intangible expenses and  
24 costs were directly or indirectly paid, incurred, or  
25 accrued. The preceding sentence does not apply to the  
26 extent that the same dividends caused a reduction to  
27 the addition modification required under Section  
28 203(a)(2)(D-17) of this Act. This subparagraph shall  
29 not apply to any item of intangible expenses or costs  
30 paid, accrued, or incurred, directly or indirectly,  
31 from a transaction with a foreign person that is  
32 subject in a foreign country to a tax on or measured by  
33 net income with respect to such item. As used in this  
34 subparagraph, the term "intangible expenses and costs"

1 includes (1) expenses, losses, and costs for, or  
2 related to, the direct or indirect acquisition, use,  
3 maintenance or management, ownership, sale, exchange,  
4 or any other disposition of intangible property; (2)  
5 losses incurred, directly or indirectly, from  
6 factoring transactions or discounting transactions;  
7 (3) royalty, patent, technical, and copyright fees;  
8 (4) licensing fees; and (5) other similar expenses and  
9 costs. For purposes of this subparagraph, "intangible  
10 property" includes patents, patent applications, trade  
11 names, trademarks, service marks, copyrights, mask  
12 works, trade secrets, and similar types of intangible  
13 assets;

14 (D-20) ~~(D-15)~~ For taxable years beginning on or  
15 after January 1, 2002, in the case of a distribution  
16 from a qualified tuition program under Section 529 of  
17 the Internal Revenue Code, other than (i) a  
18 distribution from a College Savings Pool created under  
19 Section 16.5 of the State Treasurer Act or (ii) a  
20 distribution from the Illinois Prepaid Tuition Trust  
21 Fund, an amount equal to the amount excluded from gross  
22 income under Section 529(c) (3) (B);

23 and by deducting from the total so obtained the sum of the  
24 following amounts:

25 (E) For taxable years ending before December 31,  
26 2001, any amount included in such total in respect of  
27 any compensation (including but not limited to any  
28 compensation paid or accrued to a serviceman while a  
29 prisoner of war or missing in action) paid to a  
30 resident by reason of being on active duty in the Armed  
31 Forces of the United States and in respect of any  
32 compensation paid or accrued to a resident who as a  
33 governmental employee was a prisoner of war or missing  
34 in action, and in respect of any compensation paid to a

1 resident in 1971 or thereafter for annual training  
2 performed pursuant to Sections 502 and 503, Title 32,  
3 United States Code as a member of the Illinois National  
4 Guard. For taxable years ending on or after December  
5 31, 2001, any amount included in such total in respect  
6 of any compensation (including but not limited to any  
7 compensation paid or accrued to a serviceman while a  
8 prisoner of war or missing in action) paid to a  
9 resident by reason of being a member of any component  
10 of the Armed Forces of the United States and in respect  
11 of any compensation paid or accrued to a resident who  
12 as a governmental employee was a prisoner of war or  
13 missing in action, and in respect of any compensation  
14 paid to a resident in 2001 or thereafter by reason of  
15 being a member of the Illinois National Guard. The  
16 provisions of this amendatory Act of the 92nd General  
17 Assembly are exempt from the provisions of Section 250;

18 (F) An amount equal to all amounts included in such  
19 total pursuant to the provisions of Sections 402(a),  
20 402(c), 403(a), 403(b), 406(a), 407(a), and 408 of the  
21 Internal Revenue Code, or included in such total as  
22 distributions under the provisions of any retirement  
23 or disability plan for employees of any governmental  
24 agency or unit, or retirement payments to retired  
25 partners, which payments are excluded in computing net  
26 earnings from self employment by Section 1402 of the  
27 Internal Revenue Code and regulations adopted pursuant  
28 thereto;

29 (G) The valuation limitation amount;

30 (H) An amount equal to the amount of any tax  
31 imposed by this Act which was refunded to the taxpayer  
32 and included in such total for the taxable year;

33 (I) An amount equal to all amounts included in such  
34 total pursuant to the provisions of Section 111 of the

1 Internal Revenue Code as a recovery of items previously  
2 deducted from adjusted gross income in the computation  
3 of taxable income;

4 (J) An amount equal to those dividends included in  
5 such total which were paid by a corporation which  
6 conducts business operations in an Enterprise Zone or  
7 zones created under the Illinois Enterprise Zone Act,  
8 and conducts substantially all of its operations in an  
9 Enterprise Zone or zones;

10 (K) An amount equal to those dividends included in  
11 such total that were paid by a corporation that  
12 conducts business operations in a federally designated  
13 Foreign Trade Zone or Sub-Zone and that is designated a  
14 High Impact Business located in Illinois; provided  
15 that dividends eligible for the deduction provided in  
16 subparagraph (J) of paragraph (2) of this subsection  
17 shall not be eligible for the deduction provided under  
18 this subparagraph (K);

19 (L) For taxable years ending after December 31,  
20 1983, an amount equal to all social security benefits  
21 and railroad retirement benefits included in such  
22 total pursuant to Sections 72(r) and 86 of the Internal  
23 Revenue Code;

24 (M) With the exception of any amounts subtracted  
25 under subparagraph (N), an amount equal to the sum of  
26 all amounts disallowed as deductions by (i) Sections  
27 171(a) (2), and 265(2) of the Internal Revenue Code of  
28 1954, as now or hereafter amended, and all amounts of  
29 expenses allocable to interest and disallowed as  
30 deductions by Section 265(1) of the Internal Revenue  
31 Code of 1954, as now or hereafter amended; and (ii) for  
32 taxable years ending on or after August 13, 1999,  
33 Sections 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of  
34 the Internal Revenue Code; the provisions of this

1           subparagraph are exempt from the provisions of Section  
2           250;

3           (N) An amount equal to all amounts included in such  
4           total which are exempt from taxation by this State  
5           either by reason of its statutes or Constitution or by  
6           reason of the Constitution, treaties or statutes of the  
7           United States; provided that, in the case of any  
8           statute of this State that exempts income derived from  
9           bonds or other obligations from the tax imposed under  
10          this Act, the amount exempted shall be the interest net  
11          of bond premium amortization;

12          (O) An amount equal to any contribution made to a  
13          job training project established pursuant to the Tax  
14          Increment Allocation Redevelopment Act;

15          (P) An amount equal to the amount of the deduction  
16          used to compute the federal income tax credit for  
17          restoration of substantial amounts held under claim of  
18          right for the taxable year pursuant to Section 1341 of  
19          the Internal Revenue Code of 1986;

20          (Q) An amount equal to any amounts included in such  
21          total, received by the taxpayer as an acceleration in  
22          the payment of life, endowment or annuity benefits in  
23          advance of the time they would otherwise be payable as  
24          an indemnity for a terminal illness;

25          (R) An amount equal to the amount of any federal or  
26          State bonus paid to veterans of the Persian Gulf War;

27          (S) An amount, to the extent included in adjusted  
28          gross income, equal to the amount of a contribution  
29          made in the taxable year on behalf of the taxpayer to a  
30          medical care savings account established under the  
31          Medical Care Savings Account Act or the Medical Care  
32          Savings Account Act of 2000 to the extent the  
33          contribution is accepted by the account administrator  
34          as provided in that Act;

1           (T) An amount, to the extent included in adjusted  
2 gross income, equal to the amount of interest earned in  
3 the taxable year on a medical care savings account  
4 established under the Medical Care Savings Account Act  
5 or the Medical Care Savings Account Act of 2000 on  
6 behalf of the taxpayer, other than interest added  
7 pursuant to item (D-5) of this paragraph (2);

8           (U) For one taxable year beginning on or after  
9 January 1, 1994, an amount equal to the total amount of  
10 tax imposed and paid under subsections (a) and (b) of  
11 Section 201 of this Act on grant amounts received by  
12 the taxpayer under the Nursing Home Grant Assistance  
13 Act during the taxpayer's taxable years 1992 and 1993;

14           (V) Beginning with tax years ending on or after  
15 December 31, 1995 and ending with tax years ending on  
16 or before December 31, 2004, an amount equal to the  
17 amount paid by a taxpayer who is a self-employed  
18 taxpayer, a partner of a partnership, or a shareholder  
19 in a Subchapter S corporation for health insurance or  
20 long-term care insurance for that taxpayer or that  
21 taxpayer's spouse or dependents, to the extent that the  
22 amount paid for that health insurance or long-term care  
23 insurance may be deducted under Section 213 of the  
24 Internal Revenue Code of 1986, has not been deducted on  
25 the federal income tax return of the taxpayer, and does  
26 not exceed the taxable income attributable to that  
27 taxpayer's income, self-employment income, or  
28 Subchapter S corporation income; except that no  
29 deduction shall be allowed under this item (V) if the  
30 taxpayer is eligible to participate in any health  
31 insurance or long-term care insurance plan of an  
32 employer of the taxpayer or the taxpayer's spouse. The  
33 amount of the health insurance and long-term care  
34 insurance subtracted under this item (V) shall be

1           determined by multiplying total health insurance and  
2           long-term care insurance premiums paid by the taxpayer  
3           times a number that represents the fractional  
4           percentage of eligible medical expenses under Section  
5           213 of the Internal Revenue Code of 1986 not actually  
6           deducted on the taxpayer's federal income tax return;

7           (W) For taxable years beginning on or after January  
8           1, 1998, all amounts included in the taxpayer's federal  
9           gross income in the taxable year from amounts converted  
10          from a regular IRA to a Roth IRA. This paragraph is  
11          exempt from the provisions of Section 250;

12          (X) For taxable year 1999 and thereafter, an amount  
13          equal to the amount of any (i) distributions, to the  
14          extent includible in gross income for federal income  
15          tax purposes, made to the taxpayer because of his or  
16          her status as a victim of persecution for racial or  
17          religious reasons by Nazi Germany or any other Axis  
18          regime or as an heir of the victim and (ii) items of  
19          income, to the extent includible in gross income for  
20          federal income tax purposes, attributable to, derived  
21          from or in any way related to assets stolen from,  
22          hidden from, or otherwise lost to a victim of  
23          persecution for racial or religious reasons by Nazi  
24          Germany or any other Axis regime immediately prior to,  
25          during, and immediately after World War II, including,  
26          but not limited to, interest on the proceeds receivable  
27          as insurance under policies issued to a victim of  
28          persecution for racial or religious reasons by Nazi  
29          Germany or any other Axis regime by European insurance  
30          companies immediately prior to and during World War II;  
31          provided, however, this subtraction from federal  
32          adjusted gross income does not apply to assets acquired  
33          with such assets or with the proceeds from the sale of  
34          such assets; provided, further, this paragraph shall

1           only apply to a taxpayer who was the first recipient of  
2           such assets after their recovery and who is a victim of  
3           persecution for racial or religious reasons by Nazi  
4           Germany or any other Axis regime or as an heir of the  
5           victim. The amount of and the eligibility for any  
6           public assistance, benefit, or similar entitlement is  
7           not affected by the inclusion of items (i) and (ii) of  
8           this paragraph in gross income for federal income tax  
9           purposes. This paragraph is exempt from the provisions  
10          of Section 250;

11           (Y) For taxable years beginning on or after January  
12          1, 2002, moneys contributed in the taxable year to a  
13          College Savings Pool account under Section 16.5 of the  
14          State Treasurer Act, except that amounts excluded from  
15          gross income under Section 529(c)(3) (C)(i) of the  
16          Internal Revenue Code shall not be considered moneys  
17          contributed under this subparagraph (Y). This  
18          subparagraph (Y) is exempt from the provisions of  
19          Section 250;

20           (Z) For taxable years 2001 and thereafter, for the  
21          taxable year in which the bonus depreciation deduction  
22          (30% of the adjusted basis of the qualified property)  
23          is taken on the taxpayer's federal income tax return  
24          under subsection (k) of Section 168 of the Internal  
25          Revenue Code and for each applicable taxable year  
26          thereafter, an amount equal to "x", where:

27           (1) "y" equals the amount of the depreciation  
28           deduction taken for the taxable year on the  
29           taxpayer's federal income tax return on property  
30           for which the bonus depreciation deduction (30% of  
31           the adjusted basis of the qualified property) was  
32           taken in any year under subsection (k) of Section  
33           168 of the Internal Revenue Code, but not including  
34           the bonus depreciation deduction; and

1 (2) "x" equals "y" multiplied by 30 and then  
2 divided by 70 (or "y" multiplied by 0.429).

3 The aggregate amount deducted under this  
4 subparagraph in all taxable years for any one piece of  
5 property may not exceed the amount of the bonus  
6 depreciation deduction (30% of the adjusted basis of  
7 the qualified property) taken on that property on the  
8 taxpayer's federal income tax return under subsection  
9 (k) of Section 168 of the Internal Revenue Code; ~~and~~

10 (AA) If the taxpayer reports a capital gain or loss  
11 on the taxpayer's federal income tax return for the  
12 taxable year based on a sale or transfer of property  
13 for which the taxpayer was required in any taxable year  
14 to make an addition modification under subparagraph  
15 (D-15), then an amount equal to that addition  
16 modification.

17 The taxpayer is allowed to take the deduction under  
18 this subparagraph only once with respect to any one  
19 piece of property; ~~and~~

20 (BB) ~~(Z)~~ Any amount included in adjusted gross  
21 income, other than salary, received by a driver in a  
22 ridesharing arrangement using a motor vehicle; ~~and~~

23 (CC) The amount of (i) any interest income (net of  
24 the deductions allocable thereto) taken into account  
25 for the taxable year with respect to a transaction with  
26 a taxpayer that is required to make an addition  
27 modification with respect to such transaction under  
28 Section 203(a)(2)(D-17), 203(b)(2)(E-13),  
29 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
30 the amount of that addition modification, and (ii) any  
31 income from intangible property (net of the deductions  
32 allocable thereto) taken into account for the taxable  
33 year with respect to a transaction with a taxpayer that  
34 is required to make an addition modification with

1 respect to such transaction under Section  
2 203(a)(2)(D-18), 203(b)(2)(E-14), 203(c)(2)(G-13), or  
3 203(d)(2)(D-8), but not to exceed the amount of that  
4 addition modification;

5 (DD) An amount equal to the interest income taken  
6 into account for the taxable year (net of the  
7 deductions allocable thereto) with respect to  
8 transactions with a foreign person who would be a  
9 member of the taxpayer's unitary business group but for  
10 the fact that the foreign person's business activity  
11 outside the United States is 80% or more of that  
12 person's total business activity, but not to exceed the  
13 addition modification required to be made for the same  
14 taxable year under Section 203(a)(2)(D-17) for  
15 interest paid, accrued, or incurred, directly or  
16 indirectly, to the same foreign person; and

17 (EE) An amount equal to the income from intangible  
18 property taken into account for the taxable year (net  
19 of the deductions allocable thereto) with respect to  
20 transactions with a foreign person who would be a  
21 member of the taxpayer's unitary business group but for  
22 the fact that the foreign person's business activity  
23 outside the United States is 80% or more of that  
24 person's total business activity, but not to exceed the  
25 addition modification required to be made for the same  
26 taxable year under Section 203(a)(2)(D-18) for  
27 intangible expenses and costs paid, accrued, or  
28 incurred, directly or indirectly, to the same foreign  
29 person.

30 (b) Corporations.

31 (1) In general. In the case of a corporation, base  
32 income means an amount equal to the taxpayer's taxable  
33 income for the taxable year as modified by paragraph (2).

1           (2) Modifications. The taxable income referred to in  
2 paragraph (1) shall be modified by adding thereto the sum  
3 of the following amounts:

4           (A) An amount equal to all amounts paid or accrued  
5 to the taxpayer as interest and all distributions  
6 received from regulated investment companies during  
7 the taxable year to the extent excluded from gross  
8 income in the computation of taxable income;

9           (B) An amount equal to the amount of tax imposed by  
10 this Act to the extent deducted from gross income in  
11 the computation of taxable income for the taxable year;

12           (C) In the case of a regulated investment company,  
13 an amount equal to the excess of (i) the net long-term  
14 capital gain for the taxable year, over (ii) the amount  
15 of the capital gain dividends designated as such in  
16 accordance with Section 852(b)(3)(C) of the Internal  
17 Revenue Code and any amount designated under Section  
18 852(b)(3)(D) of the Internal Revenue Code,  
19 attributable to the taxable year (this amendatory Act  
20 of 1995 (Public Act 89-89) is declarative of existing  
21 law and is not a new enactment);

22           (D) The amount of any net operating loss deduction  
23 taken in arriving at taxable income, other than a net  
24 operating loss carried forward from a taxable year  
25 ending prior to December 31, 1986;

26           (E) For taxable years in which a net operating loss  
27 carryback or carryforward from a taxable year ending  
28 prior to December 31, 1986 is an element of taxable  
29 income under paragraph (1) of subsection (e) or  
30 subparagraph (E) of paragraph (2) of subsection (e),  
31 the amount by which addition modifications other than  
32 those provided by this subparagraph (E) exceeded  
33 subtraction modifications in such earlier taxable  
34 year, with the following limitations applied in the

1 order that they are listed:

2 (i) the addition modification relating to the  
3 net operating loss carried back or forward to the  
4 taxable year from any taxable year ending prior to  
5 December 31, 1986 shall be reduced by the amount of  
6 addition modification under this subparagraph (E)  
7 which related to that net operating loss and which  
8 was taken into account in calculating the base  
9 income of an earlier taxable year, and

10 (ii) the addition modification relating to the  
11 net operating loss carried back or forward to the  
12 taxable year from any taxable year ending prior to  
13 December 31, 1986 shall not exceed the amount of  
14 such carryback or carryforward;

15 For taxable years in which there is a net operating  
16 loss carryback or carryforward from more than one other  
17 taxable year ending prior to December 31, 1986, the  
18 addition modification provided in this subparagraph  
19 (E) shall be the sum of the amounts computed  
20 independently under the preceding provisions of this  
21 subparagraph (E) for each such taxable year;

22 (E-5) For taxable years ending after December 31,  
23 1997, an amount equal to any eligible remediation costs  
24 that the corporation deducted in computing adjusted  
25 gross income and for which the corporation claims a  
26 credit under subsection (l) of Section 201;

27 (E-10) For taxable years 2001 and thereafter, an  
28 amount equal to the bonus depreciation deduction (30%  
29 of the adjusted basis of the qualified property) taken  
30 on the taxpayer's federal income tax return for the  
31 taxable year under subsection (k) of Section 168 of the  
32 Internal Revenue Code; and

33 (E-11) If the taxpayer reports a capital gain or  
34 loss on the taxpayer's federal income tax return for

1 the taxable year based on a sale or transfer of  
2 property for which the taxpayer was required in any  
3 taxable year to make an addition modification under  
4 subparagraph (E-10), then an amount equal to the  
5 aggregate amount of the deductions taken in all taxable  
6 years under subparagraph (T) with respect to that  
7 property;

8 The taxpayer is required to make the addition  
9 modification under this subparagraph only once with  
10 respect to any one piece of property;

11 (E-12) For taxable years ending on or after  
12 December 31, 2004, to the extent not otherwise included  
13 in base income, an amount equal to the amount of  
14 dividends received, directly or indirectly, (including  
15 amounts included in gross income pursuant to Sections  
16 951 through 964 of the Internal Revenue Code and  
17 amounts included in gross income under Section 78 of  
18 the Internal Revenue Code) with respect to the stock of  
19 a passive income affiliate, as defined in Section  
20 1501(a)(29) of this Act;

21 (E-13) For taxable years ending on or after  
22 December 31, 2004, an amount equal to the amount  
23 otherwise allowed as a deduction in computing base  
24 income for interest paid, accrued, or incurred,  
25 directly or indirectly, to a foreign person who would  
26 be a member of the same unitary business group but for  
27 the fact the foreign person's business activity  
28 outside the United States is 80% or more of the foreign  
29 person's total business activity. The addition  
30 modification required by this subparagraph shall be  
31 reduced to the extent that dividends were included in  
32 base income for the same taxable year and received by  
33 the taxpayer or by a member of the taxpayer's unitary  
34 business group (including amounts included in gross

1 income pursuant to Sections 951 through 964 of the  
2 Internal Revenue Code and amounts included in gross  
3 income under Section 78 of the Internal Revenue Code)  
4 with respect to the stock of the same person to whom  
5 the interest was paid, accrued, or incurred. This  
6 subparagraph shall not apply to an item of interest  
7 paid, accrued, or incurred, directly or indirectly, to  
8 a foreign person who is subject in a foreign country to  
9 a tax on or measured by net income with respect to such  
10 interest;

11 (E-14) For taxable years ending on or after  
12 December 31, 2004, an amount equal to the amount of  
13 intangible expenses and costs otherwise allowed as a  
14 deduction in computing base income, and that were paid,  
15 accrued, or incurred, directly or indirectly, to a  
16 foreign person who would be a member of the same  
17 unitary business group but for the fact that the  
18 foreign person's business activity outside the United  
19 States is 80% or more of that person's total business  
20 activity. The addition modification required by this  
21 subparagraph shall be reduced to the extent that  
22 dividends were included in base income for the same  
23 taxable year and received by the taxpayer or by a  
24 member of the taxpayer's unitary business group  
25 (including amounts included in gross income pursuant  
26 to Sections 951 through 964 of the Internal Revenue  
27 Code and amounts included in gross income under Section  
28 78 of the Internal Revenue Code) with respect to the  
29 stock of the same person to whom the intangible  
30 expenses and costs were directly or indirectly paid,  
31 incurred, or accrued. The preceding sentence shall not  
32 apply to the extent that the same dividends caused a  
33 reduction to the addition modification required under  
34 Section 203(b) (2) (E-13) of this Act. This subparagraph

1       shall not apply to any item of intangible expenses or  
2       costs paid, accrued, or incurred, directly or  
3       indirectly, from a transaction with a foreign person  
4       who is subject in a foreign country to a tax on or  
5       measured by net income with respect to such item. As  
6       used in this subparagraph, the term "intangible  
7       expenses and costs" includes (1) expenses, losses, and  
8       costs for, or related to, the direct or indirect  
9       acquisition, use, maintenance or management,  
10       ownership, sale, exchange, or any other disposition of  
11       intangible property; (2) losses incurred, directly or  
12       indirectly, from factoring transactions or discounting  
13       transactions; (3) royalty, patent, technical, and  
14       copyright fees; (4) licensing fees; and (5) other  
15       similar expenses and costs. For purposes of this  
16       subparagraph, "intangible property" includes patents,  
17       patent applications, trade names, trademarks, service  
18       marks, copyrights, mask works, trade secrets, and  
19       similar types of intangible assets;

20       and by deducting from the total so obtained the sum of the  
21       following amounts:

22               (F) An amount equal to the amount of any tax  
23       imposed by this Act which was refunded to the taxpayer  
24       and included in such total for the taxable year;

25               (G) An amount equal to any amount included in such  
26       total under Section 78 of the Internal Revenue Code;

27               (H) In the case of a regulated investment company,  
28       an amount equal to the amount of exempt interest  
29       dividends as defined in subsection (b) (5) of Section  
30       852 of the Internal Revenue Code, paid to shareholders  
31       for the taxable year;

32               (I) With the exception of any amounts subtracted  
33       under subparagraph (J), an amount equal to the sum of  
34       all amounts disallowed as deductions by (i) Sections

1 171(a) (2), and 265(a)(2) and amounts disallowed as  
2 interest expense by Section 291(a)(3) of the Internal  
3 Revenue Code, as now or hereafter amended, and all  
4 amounts of expenses allocable to interest and  
5 disallowed as deductions by Section 265(a)(1) of the  
6 Internal Revenue Code, as now or hereafter amended; and  
7 (ii) for taxable years ending on or after August 13,  
8 1999, Sections 171(a)(2), 265, 280C, 291(a)(3), and  
9 832(b)(5)(B)(i) of the Internal Revenue Code; the  
10 provisions of this subparagraph are exempt from the  
11 provisions of Section 250;

12 (J) An amount equal to all amounts included in such  
13 total which are exempt from taxation by this State  
14 either by reason of its statutes or Constitution or by  
15 reason of the Constitution, treaties or statutes of the  
16 United States; provided that, in the case of any  
17 statute of this State that exempts income derived from  
18 bonds or other obligations from the tax imposed under  
19 this Act, the amount exempted shall be the interest net  
20 of bond premium amortization;

21 (K) An amount equal to those dividends included in  
22 such total which were paid by a corporation which  
23 conducts business operations in an Enterprise Zone or  
24 zones created under the Illinois Enterprise Zone Act  
25 and conducts substantially all of its operations in an  
26 Enterprise Zone or zones;

27 (L) An amount equal to those dividends included in  
28 such total that were paid by a corporation that  
29 conducts business operations in a federally designated  
30 Foreign Trade Zone or Sub-Zone and that is designated a  
31 High Impact Business located in Illinois; provided  
32 that dividends eligible for the deduction provided in  
33 subparagraph (K) of paragraph 2 of this subsection  
34 shall not be eligible for the deduction provided under

1           this subparagraph (L);

2           (M) For any taxpayer that is a financial  
3 organization within the meaning of Section 304(c) of  
4 this Act, an amount included in such total as interest  
5 income from a loan or loans made by such taxpayer to a  
6 borrower, to the extent that such a loan is secured by  
7 property which is eligible for the Enterprise Zone  
8 Investment Credit. To determine the portion of a loan  
9 or loans that is secured by property eligible for a  
10 Section 201(f) investment credit to the borrower, the  
11 entire principal amount of the loan or loans between  
12 the taxpayer and the borrower should be divided into  
13 the basis of the Section 201(f) investment credit  
14 property which secures the loan or loans, using for  
15 this purpose the original basis of such property on the  
16 date that it was placed in service in the Enterprise  
17 Zone. The subtraction modification available to  
18 taxpayer in any year under this subsection shall be  
19 that portion of the total interest paid by the borrower  
20 with respect to such loan attributable to the eligible  
21 property as calculated under the previous sentence;

22           (M-1) For any taxpayer that is a financial  
23 organization within the meaning of Section 304(c) of  
24 this Act, an amount included in such total as interest  
25 income from a loan or loans made by such taxpayer to a  
26 borrower, to the extent that such a loan is secured by  
27 property which is eligible for the High Impact Business  
28 Investment Credit. To determine the portion of a loan  
29 or loans that is secured by property eligible for a  
30 Section 201(h) investment credit to the borrower, the  
31 entire principal amount of the loan or loans between  
32 the taxpayer and the borrower should be divided into  
33 the basis of the Section 201(h) investment credit  
34 property which secures the loan or loans, using for

1           this purpose the original basis of such property on the  
2           date that it was placed in service in a federally  
3           designated Foreign Trade Zone or Sub-Zone located in  
4           Illinois. No taxpayer that is eligible for the  
5           deduction provided in subparagraph (M) of paragraph  
6           (2) of this subsection shall be eligible for the  
7           deduction provided under this subparagraph (M-1). The  
8           subtraction modification available to taxpayers in any  
9           year under this subsection shall be that portion of the  
10          total interest paid by the borrower with respect to  
11          such loan attributable to the eligible property as  
12          calculated under the previous sentence;

13           (N) Two times any contribution made during the  
14          taxable year to a designated zone organization to the  
15          extent that the contribution (i) qualifies as a  
16          charitable contribution under subsection (c) of  
17          Section 170 of the Internal Revenue Code and (ii) must,  
18          by its terms, be used for a project approved by the  
19          Department of Commerce and Economic Opportunity  
20          ~~Community Affairs~~ under Section 11 of the Illinois  
21          Enterprise Zone Act;

22           (O) An amount equal to: (i) 85% for taxable years  
23          ending on or before December 31, 1992, or, a percentage  
24          equal to the percentage allowable under Section  
25          243(a)(1) of the Internal Revenue Code of 1986 for  
26          taxable years ending after December 31, 1992, of the  
27          amount by which dividends included in taxable income  
28          and received from a corporation that is not created or  
29          organized under the laws of the United States or any  
30          state or political subdivision thereof, including, for  
31          taxable years ending on or after December 31, 1988,  
32          dividends received or deemed received or paid or deemed  
33          paid under Sections 951 through 964 of the Internal  
34          Revenue Code, exceed the amount of the modification

1 provided under subparagraph (G) of paragraph (2) of  
2 this subsection (b) which is related to such dividends;  
3 plus (ii) 100% of the amount by which dividends,  
4 included in taxable income and received, including,  
5 for taxable years ending on or after December 31, 1988,  
6 dividends received or deemed received or paid or deemed  
7 paid under Sections 951 through 964 of the Internal  
8 Revenue Code, from any such corporation specified in  
9 clause (i) that would but for the provisions of Section  
10 1504 (b) (3) of the Internal Revenue Code be treated as  
11 a member of the affiliated group which includes the  
12 dividend recipient, exceed the amount of the  
13 modification provided under subparagraph (G) of  
14 paragraph (2) of this subsection (b) which is related  
15 to such dividends;

16 (P) An amount equal to any contribution made to a  
17 job training project established pursuant to the Tax  
18 Increment Allocation Redevelopment Act;

19 (Q) An amount equal to the amount of the deduction  
20 used to compute the federal income tax credit for  
21 restoration of substantial amounts held under claim of  
22 right for the taxable year pursuant to Section 1341 of  
23 the Internal Revenue Code of 1986;

24 (R) In the case of an attorney-in-fact with respect  
25 to whom an interinsurer or a reciprocal insurer has  
26 made the election under Section 835 of the Internal  
27 Revenue Code, 26 U.S.C. 835, an amount equal to the  
28 excess, if any, of the amounts paid or incurred by that  
29 interinsurer or reciprocal insurer in the taxable year  
30 to the attorney-in-fact over the deduction allowed to  
31 that interinsurer or reciprocal insurer with respect  
32 to the attorney-in-fact under Section 835(b) of the  
33 Internal Revenue Code for the taxable year;

34 (S) For taxable years ending on or after December

1 31, 1997, in the case of a Subchapter S corporation, an  
2 amount equal to all amounts of income allocable to a  
3 shareholder subject to the Personal Property Tax  
4 Replacement Income Tax imposed by subsections (c) and  
5 (d) of Section 201 of this Act, including amounts  
6 allocable to organizations exempt from federal income  
7 tax by reason of Section 501(a) of the Internal Revenue  
8 Code. This subparagraph (S) is exempt from the  
9 provisions of Section 250;

10 (T) For taxable years 2001 and thereafter, for the  
11 taxable year in which the bonus depreciation deduction  
12 (30% of the adjusted basis of the qualified property)  
13 is taken on the taxpayer's federal income tax return  
14 under subsection (k) of Section 168 of the Internal  
15 Revenue Code and for each applicable taxable year  
16 thereafter, an amount equal to "x", where:

17 (1) "y" equals the amount of the depreciation  
18 deduction taken for the taxable year on the  
19 taxpayer's federal income tax return on property  
20 for which the bonus depreciation deduction (30% of  
21 the adjusted basis of the qualified property) was  
22 taken in any year under subsection (k) of Section  
23 168 of the Internal Revenue Code, but not including  
24 the bonus depreciation deduction; and

25 (2) "x" equals "y" multiplied by 30 and then  
26 divided by 70 (or "y" multiplied by 0.429).

27 The aggregate amount deducted under this  
28 subparagraph in all taxable years for any one piece of  
29 property may not exceed the amount of the bonus  
30 depreciation deduction (30% of the adjusted basis of  
31 the qualified property) taken on that property on the  
32 taxpayer's federal income tax return under subsection  
33 (k) of Section 168 of the Internal Revenue Code; ~~and~~

34 (U) If the taxpayer reports a capital gain or loss

1 on the taxpayer's federal income tax return for the  
2 taxable year based on a sale or transfer of property  
3 for which the taxpayer was required in any taxable year  
4 to make an addition modification under subparagraph  
5 (E-10), then an amount equal to that addition  
6 modification.

7 The taxpayer is allowed to take the deduction under  
8 this subparagraph only once with respect to any one  
9 piece of property; -

10 (V) The amount of: (i) any interest income (net of  
11 the deductions allocable thereto) taken into account  
12 for the taxable year with respect to a transaction with  
13 a taxpayer that is required to make an addition  
14 modification with respect to such transaction under  
15 Section 203(a)(2)(D-17), 203(b)(2)(E-13),  
16 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
17 the amount of such addition modification and (ii) any  
18 income from intangible property (net of the deductions  
19 allocable thereto) taken into account for the taxable  
20 year with respect to a transaction with a taxpayer that  
21 is required to make an addition modification with  
22 respect to such transaction under Section  
23 203(a)(2)(D-18), 203(b)(2)(E-14), 203(c)(2)(G-13), or  
24 203(d)(2)(D-8), but not to exceed the amount of such  
25 addition modification;

26 (W) An amount equal to the interest income taken  
27 into account for the taxable year (net of the  
28 deductions allocable thereto) with respect to  
29 transactions with a foreign person who would be a  
30 member of the taxpayer's unitary business group but for  
31 the fact that the foreign person's business activity  
32 outside the United States is 80% or more of that  
33 person's total business activity, but not to exceed the  
34 addition modification required to be made for the same

1 taxable year under Section 203(b)(2)(E-13) for  
2 interest paid, accrued, or incurred, directly or  
3 indirectly, to the same foreign person; and

4 (X) An amount equal to the income from intangible  
5 property taken into account for the taxable year (net  
6 of the deductions allocable thereto) with respect to  
7 transactions with a foreign person who would be a  
8 member of the taxpayer's unitary business group but for  
9 the fact that the foreign person's business activity  
10 outside the United States is 80% or more of that  
11 person's total business activity, but not to exceed the  
12 addition modification required to be made for the same  
13 taxable year under Section 203(b)(2)(E-14) for  
14 intangible expenses and costs paid, accrued, or  
15 incurred, directly or indirectly, to the same foreign  
16 person.

17 (3) Special rule. For purposes of paragraph (2) (A),  
18 "gross income" in the case of a life insurance company, for  
19 tax years ending on and after December 31, 1994, shall mean  
20 the gross investment income for the taxable year.

21 (c) Trusts and estates.

22 (1) In general. In the case of a trust or estate, base  
23 income means an amount equal to the taxpayer's taxable  
24 income for the taxable year as modified by paragraph (2).

25 (2) Modifications. Subject to the provisions of  
26 paragraph (3), the taxable income referred to in paragraph  
27 (1) shall be modified by adding thereto the sum of the  
28 following amounts:

29 (A) An amount equal to all amounts paid or accrued  
30 to the taxpayer as interest or dividends during the  
31 taxable year to the extent excluded from gross income  
32 in the computation of taxable income;

33 (B) In the case of (i) an estate, \$600; (ii) a

1 trust which, under its governing instrument, is  
2 required to distribute all of its income currently,  
3 \$300; and (iii) any other trust, \$100, but in each such  
4 case, only to the extent such amount was deducted in  
5 the computation of taxable income;

6 (C) An amount equal to the amount of tax imposed by  
7 this Act to the extent deducted from gross income in  
8 the computation of taxable income for the taxable year;

9 (D) The amount of any net operating loss deduction  
10 taken in arriving at taxable income, other than a net  
11 operating loss carried forward from a taxable year  
12 ending prior to December 31, 1986;

13 (E) For taxable years in which a net operating loss  
14 carryback or carryforward from a taxable year ending  
15 prior to December 31, 1986 is an element of taxable  
16 income under paragraph (1) of subsection (e) or  
17 subparagraph (E) of paragraph (2) of subsection (e),  
18 the amount by which addition modifications other than  
19 those provided by this subparagraph (E) exceeded  
20 subtraction modifications in such taxable year, with  
21 the following limitations applied in the order that  
22 they are listed:

23 (i) the addition modification relating to the  
24 net operating loss carried back or forward to the  
25 taxable year from any taxable year ending prior to  
26 December 31, 1986 shall be reduced by the amount of  
27 addition modification under this subparagraph (E)  
28 which related to that net operating loss and which  
29 was taken into account in calculating the base  
30 income of an earlier taxable year, and

31 (ii) the addition modification relating to the  
32 net operating loss carried back or forward to the  
33 taxable year from any taxable year ending prior to  
34 December 31, 1986 shall not exceed the amount of

1           such carryback or carryforward;

2           For taxable years in which there is a net operating  
3           loss carryback or carryforward from more than one other  
4           taxable year ending prior to December 31, 1986, the  
5           addition modification provided in this subparagraph  
6           (E) shall be the sum of the amounts computed  
7           independently under the preceding provisions of this  
8           subparagraph (E) for each such taxable year;

9           (F) For taxable years ending on or after January 1,  
10          1989, an amount equal to the tax deducted pursuant to  
11          Section 164 of the Internal Revenue Code if the trust  
12          or estate is claiming the same tax for purposes of the  
13          Illinois foreign tax credit under Section 601 of this  
14          Act;

15          (G) An amount equal to the amount of the capital  
16          gain deduction allowable under the Internal Revenue  
17          Code, to the extent deducted from gross income in the  
18          computation of taxable income;

19          (G-5) For taxable years ending after December 31,  
20          1997, an amount equal to any eligible remediation costs  
21          that the trust or estate deducted in computing adjusted  
22          gross income and for which the trust or estate claims a  
23          credit under subsection (l) of Section 201;

24          (G-10) For taxable years 2001 and thereafter, an  
25          amount equal to the bonus depreciation deduction (30%  
26          of the adjusted basis of the qualified property) taken  
27          on the taxpayer's federal income tax return for the  
28          taxable year under subsection (k) of Section 168 of the  
29          Internal Revenue Code; and

30          (G-11) If the taxpayer reports a capital gain or  
31          loss on the taxpayer's federal income tax return for  
32          the taxable year based on a sale or transfer of  
33          property for which the taxpayer was required in any  
34          taxable year to make an addition modification under

1           subparagraph (G-10), then an amount equal to the  
2           aggregate amount of the deductions taken in all taxable  
3           years under subparagraph (R) with respect to that  
4           property;

5           The taxpayer is required to make the addition  
6           modification under this subparagraph only once with  
7           respect to any one piece of property;

8           (G-12) For taxable years ending on or after  
9           December 31, 2004, an amount equal to the amount  
10           otherwise allowed as a deduction in computing base  
11           income for interest paid, accrued, or incurred,  
12           directly or indirectly, to a foreign person who would  
13           be a member of the same unitary business group but for  
14           the fact that the foreign person's business activity  
15           outside the United States is 80% or more of the foreign  
16           person's total business activity. The addition  
17           modification required by this subparagraph shall be  
18           reduced to the extent that dividends were included in  
19           base income for the same taxable year and received by  
20           the taxpayer or by a member of the taxpayer's unitary  
21           business group (including amounts included in gross  
22           income pursuant to Sections 951 through 964 of the  
23           Internal Revenue Code and amounts included in gross  
24           income under Section 78 of the Internal Revenue Code)  
25           with respect to the stock of the same person to whom  
26           the interest was paid, accrued, or incurred. This  
27           subparagraph shall not apply to an item of interest  
28           paid, accrued, or incurred, directly or indirectly, to  
29           a foreign person that is subject in a foreign country  
30           to a tax on or measured by net income with respect to  
31           such interest;

32           (G-13) For taxable years ending on or after  
33           December 31, 2004, an amount equal to the amount of  
34           intangible expenses and costs otherwise allowed as a

1        deduction in computing base income, and that were paid,  
2        accrued, or incurred, directly or indirectly, to a  
3        foreign person who would be a member of the same  
4        unitary business group but for the fact that the  
5        foreign person's business activity outside the United  
6        States is 80% or more of that person's total business  
7        activity. The addition modification required by this  
8        subparagraph shall be reduced to the extent that  
9        dividends were included in base income for the same  
10       taxable year and received by the taxpayer or by a  
11       member of the taxpayer's unitary business group  
12       (including amounts included in gross income pursuant  
13       to Sections 951 through 964 of the Internal Revenue  
14       Code and amounts included in gross income under Section  
15       78 of the Internal Revenue Code) with respect to the  
16       stock of the same person to whom the intangible  
17       expenses and costs were directly or indirectly paid,  
18       incurred, or accrued. The preceding sentence shall not  
19       apply to the extent that the same dividends caused a  
20       reduction to the addition modification required under  
21       Section 203(c) (2) (G-12) of this Act. This subparagraph  
22       shall not apply to any item of intangible expenses or  
23       costs paid, accrued, or incurred, directly or  
24       indirectly, from a transaction with a foreign person  
25       who is subject in a foreign country to a tax on or  
26       measured by net income with respect to such item. As  
27       used in this subparagraph, the term "intangible  
28       expenses and costs" includes: (1) expenses, losses,  
29       and costs for or related to the direct or indirect  
30       acquisition, use, maintenance or management,  
31       ownership, sale, exchange, or any other disposition of  
32       intangible property; (2) losses incurred, directly or  
33       indirectly, from factoring transactions or discounting  
34       transactions; (3) royalty, patent, technical, and

1           copyright fees; (4) licensing fees; and (5) other  
2           similar expenses and costs. For purposes of this  
3           subparagraph, "intangible property" includes patents,  
4           patent applications, trade names, trademarks, service  
5           marks, copyrights, mask works, trade secrets, and  
6           similar types of intangible assets;

7           and by deducting from the total so obtained the sum of the  
8           following amounts:

9                   (H) An amount equal to all amounts included in such  
10                   total pursuant to the provisions of Sections 402(a),  
11                   402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the  
12                   Internal Revenue Code or included in such total as  
13                   distributions under the provisions of any retirement  
14                   or disability plan for employees of any governmental  
15                   agency or unit, or retirement payments to retired  
16                   partners, which payments are excluded in computing net  
17                   earnings from self employment by Section 1402 of the  
18                   Internal Revenue Code and regulations adopted pursuant  
19                   thereto;

20                   (I) The valuation limitation amount;

21                   (J) An amount equal to the amount of any tax  
22                   imposed by this Act which was refunded to the taxpayer  
23                   and included in such total for the taxable year;

24                   (K) An amount equal to all amounts included in  
25                   taxable income as modified by subparagraphs (A), (B),  
26                   (C), (D), (E), (F) and (G) which are exempt from  
27                   taxation by this State either by reason of its statutes  
28                   or Constitution or by reason of the Constitution,  
29                   treaties or statutes of the United States; provided  
30                   that, in the case of any statute of this State that  
31                   exempts income derived from bonds or other obligations  
32                   from the tax imposed under this Act, the amount  
33                   exempted shall be the interest net of bond premium  
34                   amortization;

1           (L) With the exception of any amounts subtracted  
2 under subparagraph (K), an amount equal to the sum of  
3 all amounts disallowed as deductions by (i) Sections  
4 171(a) (2) and 265(a) (2) of the Internal Revenue Code,  
5 as now or hereafter amended, and all amounts of  
6 expenses allocable to interest and disallowed as  
7 deductions by Section 265(1) of the Internal Revenue  
8 Code of 1954, as now or hereafter amended; and (ii) for  
9 taxable years ending on or after August 13, 1999,  
10 Sections 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of  
11 the Internal Revenue Code; the provisions of this  
12 subparagraph are exempt from the provisions of Section  
13 250;

14           (M) An amount equal to those dividends included in  
15 such total which were paid by a corporation which  
16 conducts business operations in an Enterprise Zone or  
17 zones created under the Illinois Enterprise Zone Act  
18 and conducts substantially all of its operations in an  
19 Enterprise Zone or Zones;

20           (N) An amount equal to any contribution made to a  
21 job training project established pursuant to the Tax  
22 Increment Allocation Redevelopment Act;

23           (O) An amount equal to those dividends included in  
24 such total that were paid by a corporation that  
25 conducts business operations in a federally designated  
26 Foreign Trade Zone or Sub-Zone and that is designated a  
27 High Impact Business located in Illinois; provided  
28 that dividends eligible for the deduction provided in  
29 subparagraph (M) of paragraph (2) of this subsection  
30 shall not be eligible for the deduction provided under  
31 this subparagraph (O);

32           (P) An amount equal to the amount of the deduction  
33 used to compute the federal income tax credit for  
34 restoration of substantial amounts held under claim of

1 right for the taxable year pursuant to Section 1341 of  
2 the Internal Revenue Code of 1986;

3 (Q) For taxable year 1999 and thereafter, an amount  
4 equal to the amount of any (i) distributions, to the  
5 extent includible in gross income for federal income  
6 tax purposes, made to the taxpayer because of his or  
7 her status as a victim of persecution for racial or  
8 religious reasons by Nazi Germany or any other Axis  
9 regime or as an heir of the victim and (ii) items of  
10 income, to the extent includible in gross income for  
11 federal income tax purposes, attributable to, derived  
12 from or in any way related to assets stolen from,  
13 hidden from, or otherwise lost to a victim of  
14 persecution for racial or religious reasons by Nazi  
15 Germany or any other Axis regime immediately prior to,  
16 during, and immediately after World War II, including,  
17 but not limited to, interest on the proceeds receivable  
18 as insurance under policies issued to a victim of  
19 persecution for racial or religious reasons by Nazi  
20 Germany or any other Axis regime by European insurance  
21 companies immediately prior to and during World War II;  
22 provided, however, this subtraction from federal  
23 adjusted gross income does not apply to assets acquired  
24 with such assets or with the proceeds from the sale of  
25 such assets; provided, further, this paragraph shall  
26 only apply to a taxpayer who was the first recipient of  
27 such assets after their recovery and who is a victim of  
28 persecution for racial or religious reasons by Nazi  
29 Germany or any other Axis regime or as an heir of the  
30 victim. The amount of and the eligibility for any  
31 public assistance, benefit, or similar entitlement is  
32 not affected by the inclusion of items (i) and (ii) of  
33 this paragraph in gross income for federal income tax  
34 purposes. This paragraph is exempt from the provisions

1 of Section 250;

2 (R) For taxable years 2001 and thereafter, for the  
3 taxable year in which the bonus depreciation deduction  
4 (30% of the adjusted basis of the qualified property)  
5 is taken on the taxpayer's federal income tax return  
6 under subsection (k) of Section 168 of the Internal  
7 Revenue Code and for each applicable taxable year  
8 thereafter, an amount equal to "x", where:

9 (1) "y" equals the amount of the depreciation  
10 deduction taken for the taxable year on the  
11 taxpayer's federal income tax return on property  
12 for which the bonus depreciation deduction (30% of  
13 the adjusted basis of the qualified property) was  
14 taken in any year under subsection (k) of Section  
15 168 of the Internal Revenue Code, but not including  
16 the bonus depreciation deduction; and

17 (2) "x" equals "y" multiplied by 30 and then  
18 divided by 70 (or "y" multiplied by 0.429).

19 The aggregate amount deducted under this  
20 subparagraph in all taxable years for any one piece of  
21 property may not exceed the amount of the bonus  
22 depreciation deduction (30% of the adjusted basis of  
23 the qualified property) taken on that property on the  
24 taxpayer's federal income tax return under subsection  
25 (k) of Section 168 of the Internal Revenue Code; ~~and~~

26 (S) If the taxpayer reports a capital gain or loss  
27 on the taxpayer's federal income tax return for the  
28 taxable year based on a sale or transfer of property  
29 for which the taxpayer was required in any taxable year  
30 to make an addition modification under subparagraph  
31 (G-10), then an amount equal to that addition  
32 modification.

33 The taxpayer is allowed to take the deduction under  
34 this subparagraph only once with respect to any one

1 piece of property; -

2 (T) The amount of (i) any interest income (net of  
3 the deductions allocable thereto) taken into account  
4 for the taxable year with respect to a transaction with  
5 a taxpayer that is required to make an addition  
6 modification with respect to such transaction under  
7 Section 203(a)(2)(D-17), 203(b)(2)(E-13),  
8 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
9 the amount of such addition modification and (ii) any  
10 income from intangible property (net of the deductions  
11 allocable thereto) taken into account for the taxable  
12 year with respect to a transaction with a taxpayer that  
13 is required to make an addition modification with  
14 respect to such transaction under Section  
15 203(a)(2)(D-18), 203(b)(2)(E-14), 203(c)(2)(G-13), or  
16 203(d)(2)(D-8), but not to exceed the amount of such  
17 addition modification;

18 (U) An amount equal to the interest income taken  
19 into account for the taxable year (net of the  
20 deductions allocable thereto) with respect to  
21 transactions with a foreign person who would be a  
22 member of the taxpayer's unitary business group but for  
23 the fact the foreign person's business activity  
24 outside the United States is 80% or more of that  
25 person's total business activity, but not to exceed the  
26 addition modification required to be made for the same  
27 taxable year under Section 203(c)(2)(G-12) for  
28 interest paid, accrued, or incurred, directly or  
29 indirectly, to the same foreign person; and

30 (V) An amount equal to the income from intangible  
31 property taken into account for the taxable year (net  
32 of the deductions allocable thereto) with respect to  
33 transactions with a foreign person who would be a  
34 member of the taxpayer's unitary business group but for

1           the fact that the foreign person's business activity  
2           outside the United States is 80% or more of that  
3           person's total business activity, but not to exceed the  
4           addition modification required to be made for the same  
5           taxable year under Section 203(c)(2)(G-13) for  
6           intangible expenses and costs paid, accrued, or  
7           incurred, directly or indirectly, to the same foreign  
8           person.

9           (3) Limitation. The amount of any modification  
10          otherwise required under this subsection shall, under  
11          regulations prescribed by the Department, be adjusted by  
12          any amounts included therein which were properly paid,  
13          credited, or required to be distributed, or permanently set  
14          aside for charitable purposes pursuant to Internal Revenue  
15          Code Section 642(c) during the taxable year.

16          (d) Partnerships.

17               (1) In general. In the case of a partnership, base  
18          income means an amount equal to the taxpayer's taxable  
19          income for the taxable year as modified by paragraph (2).

20               (2) Modifications. The taxable income referred to in  
21          paragraph (1) shall be modified by adding thereto the sum  
22          of the following amounts:

23                       (A) An amount equal to all amounts paid or accrued  
24          to the taxpayer as interest or dividends during the  
25          taxable year to the extent excluded from gross income  
26          in the computation of taxable income;

27                       (B) An amount equal to the amount of tax imposed by  
28          this Act to the extent deducted from gross income for  
29          the taxable year;

30                       (C) The amount of deductions allowed to the  
31          partnership pursuant to Section 707 (c) of the Internal  
32          Revenue Code in calculating its taxable income;

33                       (D) An amount equal to the amount of the capital

1 gain deduction allowable under the Internal Revenue  
2 Code, to the extent deducted from gross income in the  
3 computation of taxable income;

4 (D-5) For taxable years 2001 and thereafter, an  
5 amount equal to the bonus depreciation deduction (30%  
6 of the adjusted basis of the qualified property) taken  
7 on the taxpayer's federal income tax return for the  
8 taxable year under subsection (k) of Section 168 of the  
9 Internal Revenue Code; ~~and~~

10 (D-6) If the taxpayer reports a capital gain or  
11 loss on the taxpayer's federal income tax return for  
12 the taxable year based on a sale or transfer of  
13 property for which the taxpayer was required in any  
14 taxable year to make an addition modification under  
15 subparagraph (D-5), then an amount equal to the  
16 aggregate amount of the deductions taken in all taxable  
17 years under subparagraph (O) with respect to that  
18 property;

19 The taxpayer is required to make the addition  
20 modification under this subparagraph only once with  
21 respect to any one piece of property;

22 (D-7) For taxable years ending on or after December  
23 31, 2004, an amount equal to the amount otherwise  
24 allowed as a deduction in computing base income for  
25 interest paid, accrued, or incurred, directly or  
26 indirectly, to a foreign person who would be a member  
27 of the same unitary business group but for the fact the  
28 foreign person's business activity outside the United  
29 States is 80% or more of the foreign person's total  
30 business activity. The addition modification required  
31 by this subparagraph shall be reduced to the extent  
32 that dividends were included in base income for the  
33 same taxable year and received by the taxpayer or by a  
34 member of the taxpayer's unitary business group

1 (including amounts included in gross income pursuant  
2 to Sections 951 through 964 of the Internal Revenue  
3 Code and amounts included in gross income under Section  
4 78 of the Internal Revenue Code) with respect to the  
5 stock of the same person to whom the interest was paid,  
6 accrued, or incurred. This subparagraph shall not  
7 apply to an item of interest paid, accrued, or  
8 incurred, directly or indirectly, to a foreign person  
9 that is subject in a foreign country to a tax on or  
10 measured by net income with respect to such interest;  
11 and

12 (D-8) For taxable years ending on or after December  
13 31, 2004, an amount equal to the amount of intangible  
14 expenses and costs otherwise allowed as a deduction in  
15 computing base income, and that were paid, accrued, or  
16 incurred, directly or indirectly, to a foreign person  
17 who would be a member of the same unitary business  
18 group but for the fact that the foreign person's  
19 business activity outside the United States is 80% or  
20 more of that person's total business activity. The  
21 addition modification required by this subparagraph  
22 shall be reduced to the extent that dividends were  
23 included in base income for the same taxable year and  
24 received by the taxpayer or by a member of the  
25 taxpayer's unitary business group (including amounts  
26 included in gross income pursuant to Sections 951  
27 through 964 of the Internal Revenue Code and amounts  
28 included in gross income under Section 78 of the  
29 Internal Revenue Code) with respect to the stock of the  
30 same person to whom the intangible expenses and costs  
31 were directly or indirectly paid, incurred or accrued.  
32 The preceding sentence shall not apply to the extent  
33 that the same dividends caused a reduction to the  
34 addition modification required under Section

1           203(d)(2)(D-7) of this Act. This subparagraph shall  
2           not apply to any item of intangible expenses or costs  
3           paid, accrued, or incurred, directly or indirectly,  
4           from a transaction with a foreign person that is  
5           subject in a foreign country to a tax on or measured by  
6           net income with respect to such item. As used in this  
7           subparagraph, the term "intangible expenses and costs"  
8           includes (1) expenses, losses, and costs for, or  
9           related to, the direct or indirect acquisition, use,  
10           maintenance or management, ownership, sale, exchange,  
11           or any other disposition of intangible property; (2)  
12           losses incurred, directly or indirectly, from  
13           factoring transactions or discounting transactions;  
14           (3) royalty, patent, technical, and copyright fees;  
15           (4) licensing fees; and (5) other similar expenses and  
16           costs. For purposes of this subparagraph, "intangible  
17           property" includes patents, patent applications, trade  
18           names, trademarks, service marks, copyrights, mask  
19           works, trade secrets, and similar types of intangible  
20           assets;

21           and by deducting from the total so obtained the following  
22           amounts:

23                   (E) The valuation limitation amount;

24                   (F) An amount equal to the amount of any tax  
25           imposed by this Act which was refunded to the taxpayer  
26           and included in such total for the taxable year;

27                   (G) An amount equal to all amounts included in  
28           taxable income as modified by subparagraphs (A), (B),  
29           (C) and (D) which are exempt from taxation by this  
30           State either by reason of its statutes or Constitution  
31           or by reason of the Constitution, treaties or statutes  
32           of the United States; provided that, in the case of any  
33           statute of this State that exempts income derived from  
34           bonds or other obligations from the tax imposed under

1           this Act, the amount exempted shall be the interest net  
2           of bond premium amortization;

3           (H) Any income of the partnership which  
4           constitutes personal service income as defined in  
5           Section 1348 (b) (1) of the Internal Revenue Code (as  
6           in effect December 31, 1981) or a reasonable allowance  
7           for compensation paid or accrued for services rendered  
8           by partners to the partnership, whichever is greater;

9           (I) An amount equal to all amounts of income  
10          distributable to an entity subject to the Personal  
11          Property Tax Replacement Income Tax imposed by  
12          subsections (c) and (d) of Section 201 of this Act  
13          including amounts distributable to organizations  
14          exempt from federal income tax by reason of Section  
15          501(a) of the Internal Revenue Code;

16          (J) With the exception of any amounts subtracted  
17          under subparagraph (G), an amount equal to the sum of  
18          all amounts disallowed as deductions by (i) Sections  
19          171(a) (2), and 265(2) of the Internal Revenue Code of  
20          1954, as now or hereafter amended, and all amounts of  
21          expenses allocable to interest and disallowed as  
22          deductions by Section 265(1) of the Internal Revenue  
23          Code, as now or hereafter amended; and (ii) for taxable  
24          years ending on or after August 13, 1999, Sections  
25          171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of the  
26          Internal Revenue Code; the provisions of this  
27          subparagraph are exempt from the provisions of Section  
28          250;

29          (K) An amount equal to those dividends included in  
30          such total which were paid by a corporation which  
31          conducts business operations in an Enterprise Zone or  
32          zones created under the Illinois Enterprise Zone Act,  
33          enacted by the 82nd General Assembly, and conducts  
34          substantially all of its operations in an Enterprise

1 Zone or Zones;

2 (L) An amount equal to any contribution made to a  
3 job training project established pursuant to the Real  
4 Property Tax Increment Allocation Redevelopment Act;

5 (M) An amount equal to those dividends included in  
6 such total that were paid by a corporation that  
7 conducts business operations in a federally designated  
8 Foreign Trade Zone or Sub-Zone and that is designated a  
9 High Impact Business located in Illinois; provided  
10 that dividends eligible for the deduction provided in  
11 subparagraph (K) of paragraph (2) of this subsection  
12 shall not be eligible for the deduction provided under  
13 this subparagraph (M);

14 (N) An amount equal to the amount of the deduction  
15 used to compute the federal income tax credit for  
16 restoration of substantial amounts held under claim of  
17 right for the taxable year pursuant to Section 1341 of  
18 the Internal Revenue Code of 1986;

19 (O) For taxable years 2001 and thereafter, for the  
20 taxable year in which the bonus depreciation deduction  
21 (30% of the adjusted basis of the qualified property)  
22 is taken on the taxpayer's federal income tax return  
23 under subsection (k) of Section 168 of the Internal  
24 Revenue Code and for each applicable taxable year  
25 thereafter, an amount equal to "x", where:

26 (1) "y" equals the amount of the depreciation  
27 deduction taken for the taxable year on the  
28 taxpayer's federal income tax return on property  
29 for which the bonus depreciation deduction (30% of  
30 the adjusted basis of the qualified property) was  
31 taken in any year under subsection (k) of Section  
32 168 of the Internal Revenue Code, but not including  
33 the bonus depreciation deduction; and

34 (2) "x" equals "y" multiplied by 30 and then

1           divided by 70 (or "y" multiplied by 0.429).

2           The aggregate amount deducted under this  
3           subparagraph in all taxable years for any one piece of  
4           property may not exceed the amount of the bonus  
5           depreciation deduction (30% of the adjusted basis of  
6           the qualified property) taken on that property on the  
7           taxpayer's federal income tax return under subsection  
8           (k) of Section 168 of the Internal Revenue Code; ~~and~~

9           (P) If the taxpayer reports a capital gain or loss  
10          on the taxpayer's federal income tax return for the  
11          taxable year based on a sale or transfer of property  
12          for which the taxpayer was required in any taxable year  
13          to make an addition modification under subparagraph  
14          (D-5), then an amount equal to that addition  
15          modification.

16          The taxpayer is allowed to take the deduction under  
17          this subparagraph only once with respect to any one  
18          piece of property; ~~and~~

19          (Q) The amount of (i) any interest income (net of  
20          the deductions allocable thereto) taken into account  
21          for the taxable year with respect to a transaction with  
22          a taxpayer that is required to make an addition  
23          modification with respect to such transaction under  
24          Section 203(a)(2)(D-17), 203(b)(2)(E-13),  
25          203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
26          the amount of such addition modification and (ii) any  
27          income from intangible property (net of the deductions  
28          allocable thereto) taken into account for the taxable  
29          year with respect to a transaction with a taxpayer that  
30          is required to make an addition modification with  
31          respect to such transaction under Section  
32          203(a)(2)(D-18), 203(b)(2)(E-14), 203(c)(2)(G-13), or  
33          203(d)(2)(D-8), but not to exceed the amount of such  
34          addition modification;

1           (R) An amount equal to the interest income taken  
2           into account for the taxable year (net of the  
3           deductions allocable thereto) with respect to  
4           transactions with a foreign person who would be a  
5           member of the taxpayer's unitary business group but for  
6           the fact that the foreign person's business activity  
7           outside the United States is 80% or more of that  
8           person's total business activity, but not to exceed the  
9           addition modification required to be made for the same  
10           taxable year under Section 203(d) (2) (D-7) for interest  
11           paid, accrued, or incurred, directly or indirectly, to  
12           the same foreign person; and

13           (S) An amount equal to the income from intangible  
14           property taken into account for the taxable year (net  
15           of the deductions allocable thereto) with respect to  
16           transactions with a foreign person who would be a  
17           member of the taxpayer's unitary business group but for  
18           the fact that the foreign person's business activity  
19           outside the United States is 80% or more of that  
20           person's total business activity, but not to exceed the  
21           addition modification required to be made for the same  
22           taxable year under Section 203(d) (2) (D-8) for  
23           intangible expenses and costs paid, accrued, or  
24           incurred, directly or indirectly, to the same foreign  
25           person.

26           (e) Gross income; adjusted gross income; taxable income.

27           (1) In general. Subject to the provisions of paragraph  
28           (2) and subsection (b) (3), for purposes of this Section  
29           and Section 803(e), a taxpayer's gross income, adjusted  
30           gross income, or taxable income for the taxable year shall  
31           mean the amount of gross income, adjusted gross income or  
32           taxable income properly reportable for federal income tax  
33           purposes for the taxable year under the provisions of the

1 Internal Revenue Code. Taxable income may be less than  
2 zero. However, for taxable years ending on or after  
3 December 31, 1986, net operating loss carryforwards from  
4 taxable years ending prior to December 31, 1986, may not  
5 exceed the sum of federal taxable income for the taxable  
6 year before net operating loss deduction, plus the excess  
7 of addition modifications over subtraction modifications  
8 for the taxable year. For taxable years ending prior to  
9 December 31, 1986, taxable income may never be an amount in  
10 excess of the net operating loss for the taxable year as  
11 defined in subsections (c) and (d) of Section 172 of the  
12 Internal Revenue Code, provided that when taxable income of  
13 a corporation (other than a Subchapter S corporation),  
14 trust, or estate is less than zero and addition  
15 modifications, other than those provided by subparagraph  
16 (E) of paragraph (2) of subsection (b) for corporations or  
17 subparagraph (E) of paragraph (2) of subsection (c) for  
18 trusts and estates, exceed subtraction modifications, an  
19 addition modification must be made under those  
20 subparagraphs for any other taxable year to which the  
21 taxable income less than zero (net operating loss) is  
22 applied under Section 172 of the Internal Revenue Code or  
23 under subparagraph (E) of paragraph (2) of this subsection  
24 (e) applied in conjunction with Section 172 of the Internal  
25 Revenue Code.

26 (2) Special rule. For purposes of paragraph (1) of this  
27 subsection, the taxable income properly reportable for  
28 federal income tax purposes shall mean:

29 (A) Certain life insurance companies. In the case  
30 of a life insurance company subject to the tax imposed  
31 by Section 801 of the Internal Revenue Code, life  
32 insurance company taxable income, plus the amount of  
33 distribution from pre-1984 policyholder surplus  
34 accounts as calculated under Section 815a of the

1 Internal Revenue Code;

2 (B) Certain other insurance companies. In the case  
3 of mutual insurance companies subject to the tax  
4 imposed by Section 831 of the Internal Revenue Code,  
5 insurance company taxable income;

6 (C) Regulated investment companies. In the case of  
7 a regulated investment company subject to the tax  
8 imposed by Section 852 of the Internal Revenue Code,  
9 investment company taxable income;

10 (D) Real estate investment trusts. In the case of a  
11 real estate investment trust subject to the tax imposed  
12 by Section 857 of the Internal Revenue Code, real  
13 estate investment trust taxable income;

14 (E) Consolidated corporations. In the case of a  
15 corporation which is a member of an affiliated group of  
16 corporations filing a consolidated income tax return  
17 for the taxable year for federal income tax purposes,  
18 taxable income determined as if such corporation had  
19 filed a separate return for federal income tax purposes  
20 for the taxable year and each preceding taxable year  
21 for which it was a member of an affiliated group. For  
22 purposes of this subparagraph, the taxpayer's separate  
23 taxable income shall be determined as if the election  
24 provided by Section 243(b) (2) of the Internal Revenue  
25 Code had been in effect for all such years;

26 (F) Cooperatives. In the case of a cooperative  
27 corporation or association, the taxable income of such  
28 organization determined in accordance with the  
29 provisions of Section 1381 through 1388 of the Internal  
30 Revenue Code;

31 (G) Subchapter S corporations. In the case of: (i)  
32 a Subchapter S corporation for which there is in effect  
33 an election for the taxable year under Section 1362 of  
34 the Internal Revenue Code, the taxable income of such

1 corporation determined in accordance with Section  
2 1363(b) of the Internal Revenue Code, except that  
3 taxable income shall take into account those items  
4 which are required by Section 1363(b)(1) of the  
5 Internal Revenue Code to be separately stated; and (ii)  
6 a Subchapter S corporation for which there is in effect  
7 a federal election to opt out of the provisions of the  
8 Subchapter S Revision Act of 1982 and have applied  
9 instead the prior federal Subchapter S rules as in  
10 effect on July 1, 1982, the taxable income of such  
11 corporation determined in accordance with the federal  
12 Subchapter S rules as in effect on July 1, 1982; and

13 (H) Partnerships. In the case of a partnership,  
14 taxable income determined in accordance with Section  
15 703 of the Internal Revenue Code, except that taxable  
16 income shall take into account those items which are  
17 required by Section 703(a)(1) to be separately stated  
18 but which would be taken into account by an individual  
19 in calculating his taxable income.

20 (f) Valuation limitation amount.

21 (1) In general. The valuation limitation amount  
22 referred to in subsections (a) (2) (G), (c) (2) (I) and  
23 (d) (2) (E) is an amount equal to:

24 (A) The sum of the pre-August 1, 1969 appreciation  
25 amounts (to the extent consisting of gain reportable  
26 under the provisions of Section 1245 or 1250 of the  
27 Internal Revenue Code) for all property in respect of  
28 which such gain was reported for the taxable year; plus

29 (B) The lesser of (i) the sum of the pre-August 1,  
30 1969 appreciation amounts (to the extent consisting of  
31 capital gain) for all property in respect of which such  
32 gain was reported for federal income tax purposes for  
33 the taxable year, or (ii) the net capital gain for the

1 taxable year, reduced in either case by any amount of  
2 such gain included in the amount determined under  
3 subsection (a) (2) (F) or (c) (2) (H).

4 (2) Pre-August 1, 1969 appreciation amount.

5 (A) If the fair market value of property referred  
6 to in paragraph (1) was readily ascertainable on August  
7 1, 1969, the pre-August 1, 1969 appreciation amount for  
8 such property is the lesser of (i) the excess of such  
9 fair market value over the taxpayer's basis (for  
10 determining gain) for such property on that date  
11 (determined under the Internal Revenue Code as in  
12 effect on that date), or (ii) the total gain realized  
13 and reportable for federal income tax purposes in  
14 respect of the sale, exchange or other disposition of  
15 such property.

16 (B) If the fair market value of property referred  
17 to in paragraph (1) was not readily ascertainable on  
18 August 1, 1969, the pre-August 1, 1969 appreciation  
19 amount for such property is that amount which bears the  
20 same ratio to the total gain reported in respect of the  
21 property for federal income tax purposes for the  
22 taxable year, as the number of full calendar months in  
23 that part of the taxpayer's holding period for the  
24 property ending July 31, 1969 bears to the number of  
25 full calendar months in the taxpayer's entire holding  
26 period for the property.

27 (C) The Department shall prescribe such  
28 regulations as may be necessary to carry out the  
29 purposes of this paragraph.

30 (g) Double deductions. Unless specifically provided  
31 otherwise, nothing in this Section shall permit the same item  
32 to be deducted more than once.

1 (h) Legislative intention. Except as expressly provided by  
2 this Section there shall be no modifications or limitations on  
3 the amounts of income, gain, loss or deduction taken into  
4 account in determining gross income, adjusted gross income or  
5 taxable income for federal income tax purposes for the taxable  
6 year, or in the amount of such items entering into the  
7 computation of base income and net income under this Act for  
8 such taxable year, whether in respect of property values as of  
9 August 1, 1969 or otherwise.

10 (Source: P.A. 91-192, eff. 7-20-99; 91-205, eff. 7-20-99;  
11 91-357, eff. 7-29-99; 91-541, eff. 8-13-99; 91-676, eff.  
12 12-23-99; 91-845, eff. 6-22-00; 91-913, eff. 1-1-01; 92-16,  
13 eff. 6-28-01; 92-244, eff. 8-3-01; 92-439, eff. 8-17-01;  
14 92-603, eff. 6-28-02; 92-626, eff. 7-11-02; 92-651, eff.  
15 7-11-02; 92-846, eff. 8-23-02; revised 10-15-03.)

16 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)

17 Sec. 1501. Definitions.

18 (a) In general. When used in this Act, where not otherwise  
19 distinctly expressed or manifestly incompatible with the  
20 intent thereof:

21 (1) Business income. The term "business income" means  
22 income arising from transactions and activity in the  
23 regular course of the taxpayer's trade or business, net of  
24 the deductions allocable thereto, and includes income from  
25 tangible and intangible property if the acquisition,  
26 management, and disposition of the property constitute  
27 integral parts of the taxpayer's regular trade or business  
28 operations. Such term does not include compensation or the  
29 deductions allocable thereto. For each taxable year  
30 beginning on or after January 1, 2003, a taxpayer may elect  
31 to treat all income other than compensation as business  
32 income. This election shall be made in accordance with  
33 rules adopted by the Department and, once made, shall be

1           irrevocable.

2           (2) Commercial domicile. The term "commercial  
3 domicile" means the principal place from which the trade or  
4 business of the taxpayer is directed or managed.

5           (3) Compensation. The term "compensation" means wages,  
6 salaries, commissions and any other form of remuneration  
7 paid to employees for personal services.

8           (4) Corporation. The term "corporation" includes  
9 associations, joint-stock companies, insurance companies  
10 and cooperatives. Any entity, including a limited  
11 liability company formed under the Illinois Limited  
12 Liability Company Act, shall be treated as a corporation if  
13 it is so classified for federal income tax purposes.

14           (5) Department. The term "Department" means the  
15 Department of Revenue of this State.

16           (6) Director. The term "Director" means the Director of  
17 Revenue of this State.

18           (7) Fiduciary. The term "fiduciary" means a guardian,  
19 trustee, executor, administrator, receiver, or any person  
20 acting in any fiduciary capacity for any person.

21           (8) Financial organization.

22           (A) The term "financial organization" means any  
23 bank, bank holding company, trust company, savings  
24 bank, industrial bank, land bank, safe deposit  
25 company, private banker, savings and loan association,  
26 building and loan association, credit union, currency  
27 exchange, cooperative bank, small loan company, sales  
28 finance company, investment company, or any person  
29 which is owned by a bank or bank holding company. For  
30 the purpose of this Section a "person" will include  
31 only those persons which a bank holding company may  
32 acquire and hold an interest in, directly or  
33 indirectly, under the provisions of the Bank Holding  
34 Company Act of 1956 (12 U.S.C. 1841, et seq.), except

1           where interests in any person must be disposed of  
2           within certain required time limits under the Bank  
3           Holding Company Act of 1956.

4           (B) For purposes of subparagraph (A) of this  
5           paragraph, the term "bank" includes (i) any entity that  
6           is regulated by the Comptroller of the Currency under  
7           the National Bank Act, or by the Federal Reserve Board,  
8           or by the Federal Deposit Insurance Corporation and  
9           (ii) any federally or State chartered bank operating as  
10          a credit card bank.

11          (C) For purposes of subparagraph (A) of this  
12          paragraph, the term "sales finance company" has the  
13          meaning provided in the following item (i) or (ii):

14               (i) A person primarily engaged in one or more  
15               of the following businesses: the business of  
16               purchasing customer receivables, the business of  
17               making loans upon the security of customer  
18               receivables, the business of making loans for the  
19               express purpose of funding purchases of tangible  
20               personal property or services by the borrower, or  
21               the business of finance leasing. For purposes of  
22               this item (i), "customer receivable" means:

23                       (a) a retail installment contract or  
24                       retail charge agreement within the meaning of  
25                       the Sales Finance Agency Act, the Retail  
26                       Installment Sales Act, or the Motor Vehicle  
27                       Retail Installment Sales Act;

28                       (b) an installment, charge, credit, or  
29                       similar contract or agreement arising from the  
30                       sale of tangible personal property or services  
31                       in a transaction involving a deferred payment  
32                       price payable in one or more installments  
33                       subsequent to the sale; or

34                       (c) the outstanding balance of a contract

1           or agreement described in provisions (a) or (b)  
2           of this item (i).

3           A customer receivable need not provide for  
4           payment of interest on deferred payments. A sales  
5           finance company may purchase a customer receivable  
6           from, or make a loan secured by a customer  
7           receivable to, the seller in the original  
8           transaction or to a person who purchased the  
9           customer receivable directly or indirectly from  
10          that seller.

11          (ii) A corporation meeting each of the  
12          following criteria:

13               (a) the corporation must be a member of an  
14               "affiliated group" within the meaning of  
15               Section 1504(a) of the Internal Revenue Code,  
16               determined without regard to Section 1504(b)  
17               of the Internal Revenue Code;

18               (b) more than 50% of the gross income of  
19               the corporation for the taxable year must be  
20               interest income derived from qualifying loans.  
21               A "qualifying loan" is a loan made to a member  
22               of the corporation's affiliated group that  
23               originates customer receivables (within the  
24               meaning of item (i)) or to whom customer  
25               receivables originated by a member of the  
26               affiliated group have been transferred, to the  
27               extent the average outstanding balance of  
28               loans from that corporation to members of its  
29               affiliated group during the taxable year do not  
30               exceed the limitation amount for that  
31               corporation. The "limitation amount" for a  
32               corporation is the average outstanding  
33               balances during the taxable year of customer  
34               receivables (within the meaning of item (i))

1           originated by all members of the affiliated  
2           group. If the average outstanding balances of  
3           the loans made by a corporation to members of  
4           its affiliated group exceed the limitation  
5           amount, the interest income of that  
6           corporation from qualifying loans shall be  
7           equal to its interest income from loans to  
8           members of its affiliated groups times a  
9           fraction equal to the limitation amount  
10          divided by the average outstanding balances of  
11          the loans made by that corporation to members  
12          of its affiliated group;

13           (c) the total of all shareholder's equity  
14           (including, without limitation, paid-in  
15           capital on common and preferred stock and  
16           retained earnings) of the corporation plus the  
17           total of all of its loans, advances, and other  
18           obligations payable or owed to members of its  
19           affiliated group may not exceed 20% of the  
20           total assets of the corporation at any time  
21           during the tax year; and

22           (d) more than 50% of all interest-bearing  
23           obligations of the affiliated group payable to  
24           persons outside the group determined in  
25           accordance with generally accepted accounting  
26           principles must be obligations of the  
27           corporation.

28           This amendatory Act of the 91st General Assembly is  
29           declaratory of existing law.

30           (D) Subparagraphs (B) and (C) of this paragraph are  
31           declaratory of existing law and apply retroactively,  
32           for all tax years beginning on or before December 31,  
33           1996, to all original returns, to all amended returns  
34           filed no later than 30 days after the effective date of

1           this amendatory Act of 1996, and to all notices issued  
2           on or before the effective date of this amendatory Act  
3           of 1996 under subsection (a) of Section 903, subsection  
4           (a) of Section 904, subsection (e) of Section 909, or  
5           Section 912. A taxpayer that is a "financial  
6           organization" that engages in any transaction with an  
7           affiliate shall be a "financial organization" for all  
8           purposes of this Act.

9           (E) For all tax years beginning on or before  
10          December 31, 1996, a taxpayer that falls within the  
11          definition of a "financial organization" under  
12          subparagraphs (B) or (C) of this paragraph, but who  
13          does not fall within the definition of a "financial  
14          organization" under the Proposed Regulations issued by  
15          the Department of Revenue on July 19, 1996, may  
16          irrevocably elect to apply the Proposed Regulations  
17          for all of those years as though the Proposed  
18          Regulations had been lawfully promulgated, adopted,  
19          and in effect for all of those years. For purposes of  
20          applying subparagraphs (B) or (C) of this paragraph to  
21          all of those years, the election allowed by this  
22          subparagraph applies only to the taxpayer making the  
23          election and to those members of the taxpayer's unitary  
24          business group who are ordinarily required to  
25          apportion business income under the same subsection of  
26          Section 304 of this Act as the taxpayer making the  
27          election. No election allowed by this subparagraph  
28          shall be made under a claim filed under subsection (d)  
29          of Section 909 more than 30 days after the effective  
30          date of this amendatory Act of 1996.

31          (F) Finance Leases. For purposes of this  
32          subsection, a finance lease shall be treated as a loan  
33          or other extension of credit, rather than as a lease,  
34          regardless of how the transaction is characterized for

1 any other purpose, including the purposes of any  
2 regulatory agency to which the lessor is subject. A  
3 finance lease is any transaction in the form of a lease  
4 in which the lessee is treated as the owner of the  
5 leased asset entitled to any deduction for  
6 depreciation allowed under Section 167 of the Internal  
7 Revenue Code.

8 (9) Fiscal year. The term "fiscal year" means an  
9 accounting period of 12 months ending on the last day of  
10 any month other than December.

11 (10) Includes and including. The terms "includes" and  
12 "including" when used in a definition contained in this Act  
13 shall not be deemed to exclude other things otherwise  
14 within the meaning of the term defined.

15 (11) Internal Revenue Code. The term "Internal Revenue  
16 Code" means the United States Internal Revenue Code of 1954  
17 or any successor law or laws relating to federal income  
18 taxes in effect for the taxable year.

19 (12) Mathematical error. The term "mathematical error"  
20 includes the following types of errors, omissions, or  
21 defects in a return filed by a taxpayer which prevents  
22 acceptance of the return as filed for processing:

23 (A) arithmetic errors or incorrect computations on  
24 the return or supporting schedules;

25 (B) entries on the wrong lines;

26 (C) omission of required supporting forms or  
27 schedules or the omission of the information in whole  
28 or in part called for thereon; and

29 (D) an attempt to claim, exclude, deduct, or  
30 improperly report, in a manner directly contrary to the  
31 provisions of the Act and regulations thereunder any  
32 item of income, exemption, deduction, or credit.

33 (13) Nonbusiness income. The term "nonbusiness income"  
34 means all income other than business income or

1 compensation.

2 (14) Nonresident. The term "nonresident" means a  
3 person who is not a resident.

4 (15) Paid, incurred and accrued. The terms "paid",  
5 "incurred" and "accrued" shall be construed according to  
6 the method of accounting upon the basis of which the  
7 person's base income is computed under this Act.

8 (16) Partnership and partner. The term "partnership"  
9 includes a syndicate, group, pool, joint venture or other  
10 unincorporated organization, through or by means of which  
11 any business, financial operation, or venture is carried  
12 on, and which is not, within the meaning of this Act, a  
13 trust or estate or a corporation; and the term "partner"  
14 includes a member in such syndicate, group, pool, joint  
15 venture or organization.

16 The term "partnership" includes any entity, including  
17 a limited liability company formed under the Illinois  
18 Limited Liability Company Act, classified as a partnership  
19 for federal income tax purposes.

20 The term "partnership" does not include a syndicate,  
21 group, pool, joint venture, or other unincorporated  
22 organization established for the sole purpose of playing  
23 the Illinois State Lottery.

24 (17) Part-year resident. The term "part-year resident"  
25 means an individual who became a resident during the  
26 taxable year or ceased to be a resident during the taxable  
27 year. Under Section 1501(a)(20)(A)(i) residence commences  
28 with presence in this State for other than a temporary or  
29 transitory purpose and ceases with absence from this State  
30 for other than a temporary or transitory purpose. Under  
31 Section 1501(a)(20)(A)(ii) residence commences with the  
32 establishment of domicile in this State and ceases with the  
33 establishment of domicile in another State.

34 (18) Person. The term "person" shall be construed to

1 mean and include an individual, a trust, estate,  
2 partnership, association, firm, company, corporation,  
3 limited liability company, or fiduciary. For purposes of  
4 Section 1301 and 1302 of this Act, a "person" means (i) an  
5 individual, (ii) a corporation, (iii) an officer, agent, or  
6 employee of a corporation, (iv) a member, agent or employee  
7 of a partnership, or (v) a member, manager, employee,  
8 officer, director, or agent of a limited liability company  
9 who in such capacity commits an offense specified in  
10 Section 1301 and 1302.

11 (18A) Records. The term "records" includes all data  
12 maintained by the taxpayer, whether on paper, microfilm,  
13 microfiche, or any type of machine-sensible data  
14 compilation.

15 (19) Regulations. The term "regulations" includes  
16 rules promulgated and forms prescribed by the Department.

17 (20) Resident. The term "resident" means:

18 (A) an individual (i) who is in this State for  
19 other than a temporary or transitory purpose during the  
20 taxable year; or (ii) who is domiciled in this State  
21 but is absent from the State for a temporary or  
22 transitory purpose during the taxable year;

23 (B) The estate of a decedent who at his or her  
24 death was domiciled in this State;

25 (C) A trust created by a will of a decedent who at  
26 his death was domiciled in this State; and

27 (D) An irrevocable trust, the grantor of which was  
28 domiciled in this State at the time such trust became  
29 irrevocable. For purpose of this subparagraph, a trust  
30 shall be considered irrevocable to the extent that the  
31 grantor is not treated as the owner thereof under  
32 Sections 671 through 678 of the Internal Revenue Code.

33 (21) Sales. The term "sales" means all gross receipts  
34 of the taxpayer not allocated under Sections 301, 302 and

1 303.

2 (22) State. The term "state" when applied to a  
3 jurisdiction other than this State means any state of the  
4 United States, the District of Columbia, the Commonwealth  
5 of Puerto Rico, any Territory or Possession of the United  
6 States, and any foreign country, or any political  
7 subdivision of any of the foregoing. For purposes of the  
8 foreign tax credit under Section 601, the term "state"  
9 means any state of the United States, the District of  
10 Columbia, the Commonwealth of Puerto Rico, and any  
11 territory or possession of the United States, or any  
12 political subdivision of any of the foregoing, effective  
13 for tax years ending on or after December 31, 1989.

14 (23) Taxable year. The term "taxable year" means the  
15 calendar year, or the fiscal year ending during such  
16 calendar year, upon the basis of which the base income is  
17 computed under this Act. "Taxable year" means, in the case  
18 of a return made for a fractional part of a year under the  
19 provisions of this Act, the period for which such return is  
20 made.

21 (24) Taxpayer. The term "taxpayer" means any person  
22 subject to the tax imposed by this Act.

23 (25) International banking facility. The term  
24 international banking facility shall have the same meaning  
25 as is set forth in the Illinois Banking Act or as is set  
26 forth in the laws of the United States or regulations of  
27 the Board of Governors of the Federal Reserve System.

28 (26) Income Tax Return Preparer.

29 (A) The term "income tax return preparer" means any  
30 person who prepares for compensation, or who employs  
31 one or more persons to prepare for compensation, any  
32 return of tax imposed by this Act or any claim for  
33 refund of tax imposed by this Act. The preparation of a  
34 substantial portion of a return or claim for refund

1 shall be treated as the preparation of that return or  
2 claim for refund.

3 (B) A person is not an income tax return preparer  
4 if all he or she does is

5 (i) furnish typing, reproducing, or other  
6 mechanical assistance;

7 (ii) prepare returns or claims for refunds for  
8 the employer by whom he or she is regularly and  
9 continuously employed;

10 (iii) prepare as a fiduciary returns or claims  
11 for refunds for any person; or

12 (iv) prepare claims for refunds for a taxpayer  
13 in response to any notice of deficiency issued to  
14 that taxpayer or in response to any waiver of  
15 restriction after the commencement of an audit of  
16 that taxpayer or of another taxpayer if a  
17 determination in the audit of the other taxpayer  
18 directly or indirectly affects the tax liability  
19 of the taxpayer whose claims he or she is  
20 preparing.

21 (27) Unitary business group. The term "unitary  
22 business group" means a group of persons related through  
23 common ownership whose business activities are integrated  
24 with, dependent upon and contribute to each other. The  
25 group will not include those members who, in taxable years  
26 ending on or after December 31, 2004, are foreign persons  
27 and whose business activity outside the United States is  
28 80% or more of any such member's total business activity;  
29 for purposes of this paragraph and clause (a)(3)(B)(ii) of  
30 Section 304, business activity within the United States  
31 shall be measured by means of the factors ordinarily  
32 applicable under subsections (a), (b), (c), (d), or (h) of  
33 Section 304 except that, in the case of members ordinarily  
34 required to apportion business income by means of the 3

1 factor formula of property, payroll and sales specified in  
2 subsection (a) of Section 304, including the formula as  
3 weighted in subsection (h) of Section 304, such members  
4 shall not use the sales factor in the computation and the  
5 results of the property and payroll factor computations of  
6 subsection (a) of Section 304 shall be divided by 2 (by one  
7 if either the property or payroll factor has a denominator  
8 of zero). The computation required by the preceding  
9 sentence shall, in each case, involve the division of the  
10 member's property, payroll, or revenue miles in the United  
11 States, insurance premiums on property or risk in the  
12 United States, or financial organization business income  
13 from sources within the United States, as the case may be,  
14 by the respective worldwide figures for such items. Common  
15 ownership in the case of corporations is the direct or  
16 indirect control or ownership of more than 50% of the  
17 outstanding voting stock of the persons carrying on unitary  
18 business activity. Unitary business activity can  
19 ordinarily be illustrated where the activities of the  
20 members are: (1) in the same general line (such as  
21 manufacturing, wholesaling, retailing of tangible personal  
22 property, insurance, transportation or finance); or (2)  
23 are steps in a vertically structured enterprise or process  
24 (such as the steps involved in the production of natural  
25 resources, which might include exploration, mining,  
26 refining, and marketing); and, in either instance, the  
27 members are functionally integrated through the exercise  
28 of strong centralized management (where, for example,  
29 authority over such matters as purchasing, financing, tax  
30 compliance, product line, personnel, marketing and capital  
31 investment is not left to each member). For taxable years  
32 ending before December 31, 2004, a ~~In no event, however,~~  
33 ~~will any~~ unitary business group will not include members  
34 which are ordinarily required to apportion business income

1 under different subsections of Section 304 except that for  
2 tax years ending on or after December 31, 1987 and before  
3 December 31, 2004 this prohibition shall not apply to a  
4 unitary business group composed of one or more taxpayers  
5 all of which apportion business income pursuant to  
6 subsection (b) of Section 304, or all of which apportion  
7 business income pursuant to subsection (d) of Section 304,  
8 and a holding company of such single-factor taxpayers (see  
9 definition of "financial organization" for rule regarding  
10 holding companies of financial organizations). If a  
11 unitary business group would, but for the preceding  
12 sentence, include members that are ordinarily required to  
13 apportion business income under different subsections of  
14 Section 304, then for each subsection of Section 304 for  
15 which there are two or more members, there shall be a  
16 separate unitary business group composed of such members.  
17 For purposes of the preceding two sentences, a member is  
18 "ordinarily required to apportion business income" under a  
19 particular subsection of Section 304 if it would be  
20 required to use the apportionment method prescribed by such  
21 subsection except for the fact that it derives business  
22 income solely from Illinois. Pursuant to rules adopted by  
23 the Department, the members of a unitary business group (as  
24 defined in this Section) may jointly elect to include in  
25 the group for any taxable year ending on or after December  
26 31, 2004, a passive income affiliate, as defined in  
27 paragraph (29) of this subsection. Where the election is  
28 made to include a passive income affiliate in the unitary  
29 business group, for purposes of computing the affiliate's  
30 base income under Section 203 of this Act, the affiliate's  
31 federal taxable income shall be deemed to consist solely of  
32 its passive income, as defined in subparagraph (B) of  
33 paragraph (29) of this subsection, net of related expenses.  
34 As used in this paragraph, for taxable years ending on or

1 after December 31, 2004, the phrase "United States" means  
2 the 50 states, the District of Columbia, any territory or  
3 possession of the United States, and any area over which  
4 the United States has asserted jurisdiction or claimed  
5 exclusive rights with respect to the exploration for or  
6 exploitation of natural resources. This definition  
7 includes, but is not limited to, Puerto Rico and the outer  
8 continental shelf and any artificial islands and  
9 structures therein.

10 If the unitary business group members' accounting  
11 periods differ, the common parent's accounting period or,  
12 if there is no common parent, the accounting period of the  
13 member that is expected to have, on a recurring basis, the  
14 greatest Illinois income tax liability must be used to  
15 determine whether to use the apportionment method provided  
16 in subsection (a) or subsection (h) of Section 304. The  
17 prohibition against membership in a unitary business group  
18 for taxpayers ordinarily required to apportion income  
19 under different subsections of Section 304 does not apply  
20 to taxpayers required to apportion income under subsection  
21 (a) and subsection (h) of Section 304. The provisions of  
22 this amendatory Act of 1998 apply to tax years ending on or  
23 after December 31, 1998.

24 (28) Subchapter S corporation. The term "Subchapter S  
25 corporation" means a corporation for which there is in  
26 effect an election under Section 1362 of the Internal  
27 Revenue Code, or for which there is a federal election to  
28 opt out of the provisions of the Subchapter S Revision Act  
29 of 1982 and have applied instead the prior federal  
30 Subchapter S rules as in effect on July 1, 1982.

31 (29) Passive income affiliate.

32 (A) In general. The term "passive income  
33 affiliate" means any person if (i) the person would be  
34 a member of a unitary business group under paragraph

1           (27) of this subsection except for the fact that the  
2           person is a foreign person and 80% or more of the  
3           person's business activity is outside the United  
4           States (as determined under paragraph (27)) and (ii) at  
5           least 50% of the person's total gross income (as  
6           defined in this Section) for the taxable year consists  
7           of "passive income" as set forth in subparagraph (B) of  
8           this paragraph.

9           (B) Passive income. For purpose of subparagraph  
10          (A), "passive income" includes the following items  
11          (whether or not business income):

12           (i) dividends, interest, annuities, and  
13           royalties (except that "royalties" does not  
14           include "active business computer software  
15           royalties", as defined in Section 543(d) of the  
16           Internal Revenue Code);

17           (ii) gains from the sale or exchange of stock  
18           or securities;

19           (iii) gains from futures transactions in any  
20           commodity on or subject to the rules of a board of  
21           trade or commodity exchange (except that, pursuant  
22           to rules adopted by the Department, gains by a  
23           producer, processor, merchant, or handler of the  
24           commodity that arise out of bona fide hedging  
25           transactions reasonably necessary to the conduct  
26           of its business in the manner in which the business  
27           is customarily and usually conducted by others  
28           shall not be included);

29           (iv) amounts included in income under part I of  
30           subchapter J of the Internal Revenue Code and gains  
31           from the sale of other disposition of any interest  
32           in an estate or trust;

33           (v) amounts received as compensation (however  
34           designated and from whomever received) for the use

1 of, or the right to use, property of the person in  
2 any case where the party entitled to the use of the  
3 property (whether the right is obtained directly  
4 from the person or by means of a sublease or other  
5 arrangement) would be a member of the person's  
6 unitary business group under paragraph (27) of  
7 this subsection but for the fact that the person's  
8 business activity outside the United States is 80%  
9 or more of total business activity as determined  
10 under paragraph (27);

11 (vi) rents, unless constituting 50% or more of  
12 the gross income. The term "rents" as used in this  
13 subparagraph means compensation, however  
14 designated, for the use of, or right to use,  
15 property but does not include amounts described in  
16 subparagraph (v); and

17 (vii) pursuant to rules adopted by the  
18 Department, amounts similar to the items set forth  
19 in (i) through (vi) above.

20 (C) Gross income and special rules.

21 (i) Gross income. The term "gross income"  
22 means the gross income of the person computed under  
23 Section 61 of the Internal Revenue Code (without  
24 regard to the provisions of subchapter N of the  
25 Internal Revenue Code) in any case as if such  
26 person were a domestic corporation, partnership,  
27 or trust, as applicable. Gross income determined  
28 with respect to transactions described in  
29 subparagraphs (ii) and (iii) of subparagraph (B)  
30 of this paragraph shall include only the excess of  
31 gains over losses from such transactions.

32 (ii) 80/20 dividends. Dividends received by a  
33 person, directly or indirectly, with respect to  
34 the stock of a corporation that is not a passive

1           income affiliate (as defined in this paragraph)  
2           and that would be a member of that person's unitary  
3           business group under paragraph (27) of this  
4           subsection but for the fact that the corporation or  
5           person conducts 80% or more of their business  
6           activities outside the United States (as  
7           determined under paragraph (27) of this  
8           subsection) shall not be considered passive income  
9           under subparagraph (B) of this paragraph.

10           (iii) Exclusion of banks. A person that is  
11           organized and doing business under the banking or  
12           credit laws of a state or foreign country shall not  
13           be considered a passive income affiliate if it is  
14           established to the satisfaction of the Director  
15           that the person is not formed or availed of for the  
16           purpose of avoiding federal income tax or Illinois  
17           income tax. If the Director is satisfied that the  
18           person is not so formed or availed of, the Director  
19           shall issue to the person annually or at other  
20           periodic intervals a certification that the person  
21           is not a passive income affiliate.

22           (30) Foreign person. The term "foreign person" means  
23           any person who is a nonresident alien individual and any  
24           nonindividual other than a person created or organized in  
25           the United States or under the law of the United States or  
26           of any State.

27           (b) Other definitions.

28           (1) Words denoting number, gender, and so forth, when  
29           used in this Act, where not otherwise distinctly expressed  
30           or manifestly incompatible with the intent thereof:

31           (A) Words importing the singular include and apply  
32           to several persons, parties or things;

33           (B) Words importing the plural include the

1 singular; and

2 (C) Words importing the masculine gender include  
3 the feminine as well.

4 (2) "Company" or "association" as including successors  
5 and assigns. The word "company" or "association", when used  
6 in reference to a corporation, shall be deemed to embrace  
7 the words "successors and assigns of such company or  
8 association", and in like manner as if these last-named  
9 words, or words of similar import, were expressed.

10 (3) Other terms. Any term used in any Section of this  
11 Act with respect to the application of, or in connection  
12 with, the provisions of any other Section of this Act shall  
13 have the same meaning as in such other Section.

14 (Source: P.A. 91-535, eff. 1-1-00; 91-913, eff. 1-1-01; 92-846,  
15 eff. 8-23-02.)".